

House Transp. Chair's Budget Proposals: 2019-21 2nd Supp. & 2021-23 Biennial

The House Chair's proposals for the second supplemental transportation budget for the 2019-21 biennium and the new transportation budget for the 2021-23 fiscal biennium provide spending authority of \$9.447 billion and \$10.933 billion, respectively. The budgets reflect a number of new legislative and governor priorities, as well as the need to address the fiscal realities relating to the COVID-19 pandemic and the continuation of previous legislative budgets.

Economic and Fiscal Context

The House Chair's budget proposals are framed largely by fiscal changes related to the COVID-19 pandemic that occurred after the enactment of the 2020 supplemental transportation budget, the invalidation of Initiative 976 (I-976), and the enactment of federal relief packages.

The reality of the COVID-19 pandemic has meant less commuting and vehicle travel generally, impacting fuel taxes, state ferries, and tolled facility utilization. The accounts that receive fuel taxes and ferry fares, known at the "18th amendment" accounts, are forecasted in the March 2021 update to receive \$310 million less in revenues (-8.3%) for the 2019-21 biennium than was projected at the time of the 2020 supplemental budget, and \$134 million less in revenues (-3.5%) for the 2021-23 fiscal period. Accounts that receive tolls are forecasted in the March 2021 update to receive \$133 million less in revenues (-27.3%) for the 2019-21 biennium than was projected at the time of the 2020 supplemental budget, and about \$128 million less (-23.8%) for the 2021-23 biennium. Accounts that receive flexible revenues have not been significantly impacted by the pandemic.

In October 2020, the Washington Supreme Court invalidated I-976 in its entirety. Because the 2020 supplemental transportation budget had been developed assuming I-976 would be upheld, and the revenues that the initiative would have impacted were held in reserve, the court ruling allowed for the release of the impacted funds. Over \$300 million in mostly flexible funding became available for the development of the second supplemental proposal for the 2019-21 biennium.

The recent enactment of the federal American Rescue Plan, along with earlier federal relief packages, will provide over \$1 billion to the state for transportation purposes. A portion of the funds will be used to backfill accounts that supported services affected by COVID-19 pandemic-related revenue losses, a portion will be used to address ferry operating needs, and a portion of the funding will be used to address fish passage barrier removals.

House Chair Proposal: Second Supplemental 2019-21 Transportation Budget

The House Chair's proposal for the second supplemental transportation budget for the 2019-21 biennium addresses delayed spending and a few emergent priorities. Delays in project and program activity have reduced the need for expenditure authority by \$1.2 billion; overall appropriations have been reduced accordingly. The Chair's proposal provides \$260,000 for the Wahkiakum county ferry, the MV Oscar B, to assist the county with the operating and maintenance deficit.

House Chair Proposal: Biennial 2021-23 Transportation Budget

The development for the House Chair's proposal for the biennial budget for the 2021-23 biennium includes a couple of new and emerging areas of emphasis. One of the themes is in the area of **diversity**

and equity. In the DOT Office of Equal Opportunity, \$6 million is provided for efforts to increase diversity in the transportation construction workforce through the pre-apprenticeship support services (PASS) program and assistance to minority and women-owned businesses to perform work in the highway construction industry. In addition, \$2 million is provided to the Office of Minority and Women's Business Enterprises for increasing the number of certified women and minority-owned contractors outside of the Puget Sound area in the transportation sector and supporting these contractors to successfully compete and secure more transportation contracting opportunities.

\$1.2 million is provided for a pilot program to provide grants to clean alternative fuel car sharing programs that provide clean alternative fuel vehicle use opportunities to underserved communities and low- to moderate-income members of the workforce not readily served by transit or located in transportation corridors with emissions that exceed federal or state emissions standards.

The Chair's proposal directs the Joint Transportation Committee to conduct a study on the impacts of current and historical city transportation investments on communities of color, low-income households, vulnerable populations, and displaced communities. The assessment will include specific approaches to addressing existing inequities within cities, as well as recommendations to develop best practices to improve, diversify, and expand city transportation investments.

The Chair's proposal continues funding authority for REAL ID implementation-related public outreach activities focused on underserved and harder to reach populations.

Another theme within certain areas of the Chair's proposal is additional **electrification and green transportation** initiatives. Leading the way are a couple of investments in the Washington State Ferries (WSF) within DOT. \$152.5 million is provided to continue work on the state's first hybrid electric Olympic Class vessel, with construction commencing in spring of 2022. These funds also invest in the long-lead time materials needed for the second vessel in the class. Also, \$24.8 million is provided to convert the MV Wenatchee to a hybrid propulsion system using a grant from the Volkswagen settlement mitigation funds.

The Chair's proposal expands on previous electric vehicle charging infrastructure and green transportation efforts. Just under \$12 million is provided to DOT's Innovative Partnerships Program for alternative fuel vehicle charging infrastructure grants to expand access to electric vehicle charging and refueling infrastructure. An amount of \$133,000 is provided to conduct an assessment of options for the development of a publicly available mapping and forecasting tool that provides locations and essential information on charging and refueling infrastructure to support forecasted levels of electric vehicle adoption, travel, and usage across Washington state, and that helps utilities plan for anticipated electric vehicle infrastructure needs. An additional \$15 million is provided for green transportation capital grants, an initiative begun last biennium. The grants are provided to transit agencies to fund capital projects to reduce the carbon intensity of the Washington transportation system, and examples include electrification of vehicle fleets, capital facilities to facilitate fleet electrification, and/or hydrogen refueling and upgrades to electrical transmission and distribution systems.

Capital Programs

Fish passage barrier correction and highway preservation. The House Chair's proposal fully funds the fish passage barrier corrections as proposed by the Department of Transportation (DOT), at \$726 million, relating to the compliance with the federal injunction, for the 2021-23 period. The proposal also funds

efforts to complete culvert inventories for cities and counties. The proposal also funds state preservation needs at \$850 million, an increase of \$12 million from the 2019-21 budget.

Continuation of Connecting Washington Commitments. Construction activity under the Connecting Washington (CW) program enacted by the Legislature in 2015 is expected to peak in the upcoming fiscal biennium. Total spending on capital highway improvement and preservation projects from the CW Account is expected to exceed \$2.84 billion, including:

- SR 520 corridor improvements on the west end (\$493 million);
- Corridor widening and improvements on I-405 from Renton to Bellevue (\$453 million);
- Preliminary engineering, right-of-way acquisition, and early construction on the Puget Sound Gateway, SR 167, and SR 509 (\$485 million);
- Expansion of the I-5 corridor through Joint Base Lewis-McChord (\$101 million);
- Continued construction of US 395 in the North Spokane Corridor (\$194 million);
- Widening of I-90 Snoqualmie Pass to Easton (\$116 million); and
- US 12/Walla Walla Corridor Improvements (\$93 million).

In addition, through the CW program, \$150 million is allocated for the preservation component of the WSDOT highway construction program for the 2021-23 biennium.

The Connecting Washington program to improve bike and pedestrian facilities continues with \$6.6 million for the Bay Street pedestrian project, Schuster Parkway trail, Cowiche Canyon trail, SR 520 grade separation at 40th Street, and the Milton trailhead on the Interurban trail.

Other Continuing Highway Capital Activity. While much of the work required by the legislature under the Nickel and Transportation Partnership Act (TPA) programs has been completed, work continues on a few projects. For the Alaskan Way Viaduct replacement project, \$73 million is provided to complete surface street connections. In addition, \$37 million is provided to continue work on the Tacoma high-occupancy vehicle lane addition and other improvements on I-5, notably the I-5 southbound/Portland Avenue to Port of Tacoma Road project segment.

New highway enhancements. A few new enhancements are included in the Chair's proposal. A \$9 million initial contribution from Oregon, partly included in the second supplemental proposal and partly included in the biennial proposal, is provided to continue efforts related to replacing the Interstate 5 bridge across the Columbia River. Within the US 2 Safety Project, \$2 million is allocated to conduct a safety capacity study for US 2. To the Puget Sound Gateway project, \$2.3 million is added for the design phase of a Puyallup-to-Tacoma multiuse trail along the SR 167 right-of-way. The subproject will connect a network of new and existing trails from Mount Rainier to Point Defiance Park.

Washington State Ferries (WSF) - Capital. The Chair's proposal provides \$505 million in expenditure authority for the WSF Capital program within DOT. Aside from the hybrid-electrification efforts mentioned above, \$100.2 million is provided for the Colman Dock preservation project, which is replacing major portions of the facility that are aging and seismically vulnerable. The project is expected to be completed in 2023. In addition, \$110.4 million is provided for the preservation of WSF's aging fleet of vessels and \$68.5 million is provided for preservation of the terminal buildings around the Puget Sound.

Rail. The Chair's proposal provides \$6.8 million in Freight Rail Assistance Project (FRAP) grants for eight short line rail projects related to critical infrastructure and improvements and maintenance of existing infrastructure. The proposal provides \$1.65 million in Freight Rail Investment Bank (FRIB) low-interest state loans to Tacoma Rail, owned by the City of Tacoma, for a number of rail infrastructure improvements.

Local Programs and Local Funding. The Chair's proposal includes funding authority in the DOT Local Programs program for a variety of projects. For the Safe Routes to Schools grant program, the funds available for new grants is doubled to \$38.3 million to make walking or biking to school safer around the state. For the Pedestrian and Bicycle Safety grant program, the state investment is also doubled, providing \$36.8 million in new funds for grants to reduce fatal and injury collisions involving pedestrians and bicyclists. Also, \$11.7 million is provided for preservation of local freight routes, made possible by the extension of the 2015 federal surface transportation reauthorization bill known as the FAST Act.

For the Transportation Improvement Board, \$5 million in additional funds is provided for the Relight Washington Program to help currently ineligible cities convert their streetlights to LED, along with \$2.5 million to help eligible cities finish their conversions. For the County Road Administration Board, \$5 million of other state funds are transferred to capitalize the Emergency Loan Program.

Operating Programs

Department of Licensing (DOL). Due to the COVID-19 pandemic, the DOL closed its driver licensing offices for several months. The DOL began opening offices in June 2020 and provides licensing services by appointment only with physical distancing requirements. The department is operating at about 35 percent capacity throughout its system and there is a growing unmet demand for driver's licensing and identicard services. The Chair's proposal provides the DOL funding totaling a little more than \$2 million for legislation and other online enhancements to help reduce the growing backlog of unmet services. The funding is provided for:

- Implementing SHB 1207 (DOL issued documents), which extends the renewal period of driver licenses and identicards from 6 to 8 years, while retaining a 6-year option; allows DOL to capture photos and signatures remotely for driver's licenses and identicards; and makes other changes related to eliminating the need for some in-person renewals;
- Computer system enhancements to allow more driver's license transactions to be conducted online, including driver knowledge testing, document pre-submittal, and veteran or military designation applications; and
- Redesigning DOL's online services and website to improve accessibility and usability to DOL's driver's license, identicard, and vehicle services.

State Patrol. The Chair's proposal funds several initiatives at the State Patrol. For the land mobile radio system, \$16.1 million is provided for continued funding for the software upgrade agreement, base station and microwave radios, alternative power units, mobile and portable radios, and strategic planning for future implementation of FCC requirements for "narrowbanding." To fund a fourth set of arming and trooper basic training classes within the biennium, \$4.2 million is provided, with this final class of the biennium expected to graduate 40 troopers in June of 2023. \$1.5 million is provided for replacement of aging 911 workstations, criminal investigation tools used at collision and crime scenes, and information technology investments in servers and data rescue and disaster recovery.

DOT - Aviation. The Aviation division of the WSDOT received \$2.9 million for its airport aid grant program, which provides competitive grants to public-use airports for pavement, safety, maintenance, planning, and security. The program received funding to continue supporting the work of the Commercial Aviation Coordinating Commission whose work to identify a site in Washington State for another major airport facility has been delayed due to the COVID-19 pandemic.

DOT - Highway Maintenance. The Chair's proposal provides \$529 million for the DOT Highway Maintenance program, including funding enhancements for:

- Measures to address safety and public health concerns associated with homeless encampments on state rights-of-ways (\$5.0 million);
- Increased cost of highway maintenance materials (\$4.1 million);
- Increased costs to repair damages to highways caused by known and unknown third parties (\$5.8 million); and
- Increased costs of payments to local governments for stormwater utility fees (\$1.4 million).

DOT - WSF Operations. The Chair's proposal makes \$4.3 million in investments in ferry operations for the costs of staff overtime as well as training for new employees, familiarization for terminal and engine staff, electronic navigation, and evacuation slide deployment. The Chair's proposal also funds \$200,000 for a cost-benefit study of a second shift at Eagle Harbor, which would allow for additional maintenance of the state's terminal and vessel assets. In addition, \$400,000 is provided for a Joint Transportation project to develop a workforce plan to address recruitment, retention, diversity, training needs, leadership development, succession planning and other elements needed to ensure sufficient and cost-effective crewing and staffing of the ferry system.

DOT - Public Transportation. In addition to the additional \$15 million for green transportation capital grants described above, the Chair's proposal provides an additional \$10 million for special needs transportation. \$800,000 is provided for the first mile/last mile grant program, which supports projects that help improve peoples' first and last mile connections with fixed route public transportation services, including buses, ferries, rail, water taxis, tribal transit, and vanpools.

DOT - Rail. More than any other service, the COVID-19 pandemic affected the demand for passenger rail service, with ridership on the Amtrak Cascades service down by 95 percent at certain times during the pandemic. The Chair's proposal maintains a funding level of roughly \$80M for the service between Portland, OR and Vancouver, BC to allow WSDOT to adjust service levels within it, with new federal funding offsetting anticipated revenue losses, and service levels increased as Washingtonians return to travel.

DOT - Local Programs. The Chair's proposal provides \$450,000 for multi-use roadway grants for the safe operation of wheeled all-terrain vehicles on public roadways.

DOT - Tolling. Similarly to passenger rail, the DOT toll facilities have been adversely impacted by the COVID-19 pandemic's effect on commuting and travel. The Chair's proposal:

- Keeps the SR 520 floating bridge in compliance with the SR 520 master bond resolution by appropriating unspent civil penalties funds to offset O&M costs for the facility and by additionally providing a \$6 million loan to the SR 520 Civil Penalties Account.
- Keeps the Alaskan Way Viaduct Replacement Account in balance for the current biennium and 2021-23 biennium by transferring funds into the Account.

- Provides an additional \$33 million to the Tacoma Narrows Toll Bridge Account for debt repayment smoothing purposes, on top of the \$13 million that had been planned.
- Delays projects on the I-405/SR 167 corridor requiring bonds backed by tolls on the corridor, so as to provide time for the Department and the Treasurer's office to evaluate the financing options for projects in the corridor.
- Assumes the Transportation Commission will take actions necessary to ensure the tolled facilities are compliant with legal and debt service requirements.
- Directs the department to contract with the state auditor's office for a performance audit of the department's project to replace its electronic toll collection system.

Legislative Initiatives

Funding is provided in the Chair's proposal to support a number of legislative initiatives.

- \$1.67 million is provided to fund 6.5 new staff at the Utilities and Transportation Commission (UTC) for implementation of ESHB 1418 (Rail safety governance/UTC), which will expand the UTC's role in rail safety for all forms of rail in the state, with an additional \$162,000 for one-time implementation and related costs. This investment in rail safety is in response to the 2017 Point Defiance Bypass derailment, as well as derailments in 2016 and 2020 of trains transporting oil in the Columbia river gorge, near Mosier, Oregon and near Custer, Washington, both of which resulted in fires.
- \$1.1 million is provided to the State Patrol for legislation passed by the House to address officers use of force, standardization of tactics, and recordings of custodial interrogations (2SHB 1310 [Use of force by officers], SHB 1223 [Custodial interrogations], and ESHB 1054 [Peace officer tactics]).
- \$500,000 is provided for DOT's Planning Program to partner with the department of commerce to develop a process for establishing vehicle miles traveled reduction targets and provide a recommended suite of options for local jurisdictions to achieve the targets.
- \$280,000 is provided to DOT's Aviation Program to establish the Unpiloted Aircraft System (UAS) State Coordinator in the program to act in an advisory role (SHB 1379 [Unpiloted aircraft systems]). Some of the Coordinator's duties include: assisting with UAS training and education for state agencies; coordinating with local governments on state and federal UAS policies and laws; coordinating with the Federal Aviation Administration and state agencies on UAS trends; and other duties as they relate to UASs in the state.
- \$54,000 is provided for the purposes of exempting non-emergency medical transportation vehicles from high-occupancy vehicle (HOV) lane requirements under SHB 1510 (Establishing an exemption from certain highway use requirements by nonemergency medical transportation vehicles).
- \$57,000 is provided to enhance the enforcement of off-road vehicle and snowmobile registrations under SHB 1322 (Off-road vehicle enforcement).
- \$623,000 is provided to DOT for the property assessment fees and staffing for noxious weed assessments for the purposes of SHB 1355 (Noxious weeds).

Studies

The Chair's proposal funds several studies at the Joint Transportation Committee, the Transportation Commission, and DOT, in addition to the studies on equity in transportation and the WSF workforce mentioned previously. These include:

Major Transportation Facilities Insurance – Funding is provided for a study of best practices for insuring major transportation facilities. A report of the study findings and recommendations is due to the transportation committees of the legislature by March 1, 2022.

WSDOT and Broadband Installation – Funding is provided for a study related to the Washington State Department of Transportation's role in broadband service expansion efforts. A report of the study findings and recommendations is due to the transportation committees of the legislature by January 1, 2022.

Short Line Rail Study - Funding is provided for an update to the Washington State Short Line Rail Inventory and Needs Assessment prepared in 2015, and to facilitate a stakeholder process to assess state support for short line rail infrastructure needs. A report of the study findings and recommendations is due to the transportation committees of the legislature by January 1, 2022.

Truck Parking Action Plan - Funding is provided for the Joint Transportation Committee to develop a truck parking action plan with recommendations for immediate next steps for near-term and lasting change in the availability of trucking parking for commercial vehicles. The plan with specific recommended next steps is due to the transportation committees of the legislature by January 1, 2022.

Pacific NW Corridor Study - Funding is provided for the Joint Transportation Committee to evaluate options for providing connectivity in the Pacific Northwest region from Portland, Oregon to Vancouver, British Columbia. A report is due to the legislature by December 1, 2022.

Road Usage Charge Policy Development - \$4.08 million of federal funding is provided for the Forward Drive road usage charge research project overseen by the transportation commission to advance research in key policy areas related to the road usage charge, including assessing impacts of future mobility shifts on road usage charge revenues and conducting an equity analysis.

Corridor and Other DOT Studies - Funding is provided for several corridor and other studies at DOT:

- \$500,000 is provided to develop practical solutions to address high vehicle volumes and delays in the SR 161 corridor.
- \$800,000 is provided to recommend safety and infrastructure improvements in the SR 302 corridor to address current damage and prevent future roadway collapse and landslides that have caused road closures in the Victor area.
- \$1 million of the I-5/North Lewis County Interchange Connecting Washington Project is advanced to evaluate new alternate routes for vehicular and truck traffic at the Harrison interchange (Exit 82) in North Centralia.
- The Department is directed to conduct an evaluation of the short and long-term costs and benefits of self-insurance as compared to the commercial insurance option for the SR 520 floating bridge, as allowed under the terms of the SR 520 master bond resolution.
